

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to the
Commonwealth and ERS.**

**REPLY OF THE COMMONWEALTH OF PUERTO RICO AND THE EMPLOYEES
RETIREMENT SYSTEM OF THE GOVERNMENT OF THE COMMONWEALTH OF
PUERTO RICO TO THE RESPONSE FILED BY CLAIMANT JEREMY MORALES
PAGAN [ECF NO. 21691] TO THE FOUR HUNDRED SEVENTY-FIFTH OMNIBUS
OBJECTION (NON-SUBSTANTIVE) TO CLAIMS ASSERTING LIABILITIES OWED
BY ENTITIES THAT ARE NOT TITLE III DEBTORS**

To the Honorable United States District Court Judge Laura Taylor Swain:

The Commonwealth of Puerto Rico (the “Commonwealth”) and the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS,” and together with the Commonwealth, the “Debtors”), by and through the Financial Oversight and Management Board

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”, and together with the Commonwealth, COFINA, HTA, ERS, and PREPA, the “Debtors”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

for Puerto Rico (the “Oversight Board”), as the sole Title III representative of the Debtors pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² file this reply (the “Reply”) to the untitled response [ECF. No. 21691] (the “Morales Pagan Response”) filed by claimant Jeremy Morales Pagan (“Morales Pagan”), and in support of the *Four Hundred Seventy-Fifth Omnibus Objection (Non-Substantive) of the Commonwealth of Puerto Rico and the Employees Retirement System of the Government of the Commonwealth of Puerto Rico to Claims Asserting Liabilities Owed by Entities that Are not Title III Debtors* [ECF No. 21426] (the “Four Hundred Seventy-Fifth Omnibus Objection”). The Debtors respectfully represent as follows:

1. On July 1, 2022, the Debtors filed the Four Hundred Seventy-Fifth Omnibus Objection, which seeks to disallow, in accordance with the Amended Omnibus Objection Procedures, claims that seek recovery for asserted liabilities owed by entities that are not Title III Debtors.

2. Any party who disputed the Four Hundred Seventy-Fifth Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on August 1, 2022 in accordance with the Court-approved notice attached to the Four Hundred Seventy-Fifth Omnibus Objection as Exhibit C, which was served in English and Spanish on the individual creditors subject to the Four Hundred Seventy-Fifth Omnibus Objection, the U.S. Trustee, and the Master Service List (as defined in the *Sixteenth Amended Notice, Case Management and Administrative Procedures* [ECF No. 20190-1]). *See Certificate of Service* [ECF No. 21525].

3. Morales Pagan filed a proof of claim against the Commonwealth on June 29, 2018, which was logged by Kroll Restructuring Administration LLC as Proof of Claim No. 122217 (the

² PROMESA is codified at 48 U.S.C. §§ 2101–2241.

“Morales Pagan Claim”). The Morales Pagan Claim asserts (1) liabilities arising from the litigation captioned *Frente Unido de Policías Organizados et al. v. Puerto Rico Police Department*, No. KAC2007-4170 (the “FUPO Litigation”); (2) allegedly accrued, but unpaid, wages and benefits purportedly owed by the Puerto Rico Police Department, and (3) allegedly accrued, but unpaid, wages and benefits purportedly owed by the Municipality of Carolina Police Department.

4. The portion of the Morales Pagan Claim asserting the FUPO Litigation was objected to pursuant to the *Three Hundred Fifty-First Omnibus Objection (Non-Substantive) of the Commonwealth of Puerto Rico, Puerto Rico Highways and Transportation Authority, and Employees Retirement System of the Government of the Commonwealth of Puerto Rico to Partial Duplicate Litigation Claims* [ECF No. 17112] (the “Three Hundred Fifty-First Omnibus Objection”) as duplicative, in part, of Master Claim No. 161091, which was filed on behalf of all plaintiffs in the litigation *Frente Unido de Policías Organizados et al. v. Puerto Rico Police Department*, No. KAC2007-4170. The Three Hundred Fifty-First Omnibus Objection remains pending. Further, the portion of the Morales Pagan Claim asserting liabilities purportedly owed by the Puerto Rico Police Department (Proof of Claim No. 122217-1) was transferred into the Debtors’ Administrative Claims Reconciliation (“ACR”) process and will be resolved consistent with the court-approved ACR procedures.

5. The remaining portion of the Morales Pagan Claim (Proof of Claim No. 122217-2, or the “Morales Pagan Claim”) purports to assert liabilities in an unknown amount associated with allegedly accrued, but unpaid, wages purportedly owed by the Municipality of Carolina Police Department, and is subject to the Four Hundred Seventy-Fifth Omnibus Objection.

6. On August 1, 2022, Morales Pagan filed the Morales Pagan Response [ECF No. 21691]. Therein, Morales Pagan attaches a copy of the Four Hundred Seventy-Fifth Omnibus Objection and asserts that:

Debtors alleges that under the laws of Puerto Rico all benefits arising from Municipality were transferred and made part of the obligations by the State Police

The years worked for the municipality constitutes a threshold for the years of pension requirements as a whole. It is not separate or independent amount. The State Police is responsible for all amounts.

Response at 1.

7. However, neither the Municipality of Carolina nor the Municipality of Carolina Police Department is a Title III Debtor, and the Morales Pagan Response fails to provide a basis for asserting a claim against either the Commonwealth or any of the other Title III Debtors in respect of amounts owed by Municipality of Carolina Police Department. Accordingly, the portion of the Morales Pagan Claim asserting liabilities purportedly owed by the Municipality of Carolina should be disallowed.

8. Accordingly, because Morales Pagan has not provided a basis for asserting the liabilities associated with the Morales Pagan Claim against the Debtors, the Debtors respectfully request the Morales Pagan Claim be disallowed in part as set forth herein.

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Dated: April 11, 2023
San Juan, Puerto Rico

Respectfully submitted,

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